



**Trillion Partners, Inc.
9208 Waterford Centre Blvd., Suite 150
Austin, Texas 78758**

February 2, 2011

Federal Communications Commission *Delivered via ECFS & email*
Attention: Ms. Gina Spade, Deputy Division Chief
Ms. Erica Myers, Wireline Competition Bureau
Ms. Dana Bradford, Wireline Competition Bureau

Telecommunications Access Policy Division
445 12th Street SW
Washington, DC 20554

CC Docket No 02-6

Re:

Appeal
School District: Bloomfield School District, Bloomfield, NM
Funding Year: 2009
FRN Denied: 1797099
Form 471 Application Denied: 143262
Reason for Denial: Gifts and Communications

Dear Gina, Erica and Dana:

On November 3, 2010, Trillion filed a Master Appeal Summary with the FCC on ECFS, as well as provided the Master Appeal Summary to you via E-Mail and in hard copy. In the Master Appeal, Trillion provides the rationale as to why USAC's mass denial of funding is without merit. Please accept this Individual appeal for Bloomfield School District, along with the Master Appeal Summary as the appeal in its totality.

Gifts

USAC alleges that Bloomfield School District received valuable gifts which tainted a fair and open competitive bidding process as the basis for denial of funding. Trillion denies USAC's allegations. In fact and in all instances, the meals, gifts and gratuities that Trillion provided to the applicant were in full compliance with all applicable (FCC, state and local) competitive bidding and procurement requirements at the time. Please also note, in February of 2009, Trillion instituted a Code of Conduct for its employees that prohibits meals, gifts or gratuities of any kind and is stricter than the new rules put in place with the FCC Sixth Report and Order, FCC 10-175.

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The amounts spent on meals or other routine business expenses were trivial and could not have possibly influenced a decision that would ultimately be made by the School Board. Furthermore, no member of the School Board or decision maker received any such expense. The fact is, Trillion invested \$500,000 in order to construct Bloomfield's network providing critical services with a total contract value of \$1,536,700, while the amount of the routine business meals and expenses only amounted to \$247.46* across the entire district. Both the New Mexico Gift Act and Bloomfield Schools' district policy, both in effect at that time, permit gifts up to \$250.

* Please note that, of the \$826.61 of receipts presented by USAC, \$579.15 were for expenses not attributable to Bloomfield employees and \$132.29. This includes some expense items provided to USAC totaling \$154.17 that apparently were not categorized correctly in Trillion's original data submission, and \$424.98 of expenses for non-Bloomfield persons at group meals.

Of the \$247.46 total accepted by Bloomfield employees:

- \$183.72 was for lodging and meals associated with a speaking engagement for a Bloomfield employee, Sondra Adams, at the Center for Digital Education Conference that occurred in December of 2005. Ms. Adams devoted time and effort to the preparation of the materials and content of the topic presented, which was designed to benefit those in attendance, not just Trillion. Ms. Adams efforts in undertaking this task far exceeded the value of her hotel room and meal, and cannot be considered a prohibited gratuity under the New Mexico Procurement Code.
- \$17.59 was for a meal in Colorado Springs for Ms. Adams.
- \$46.15 was for flowers sent on January 30, 2006. Per Bloomfield Schools' staff, these flowers were in memory of Superintendent of Bloomfield Schools Harry Hayes, who died on January 27, 2006. His memorial service was held on February 1, 2006.

In summary, this applicant's actions were in full compliance with FCC, state and local procurement guidelines in effect at the time, as described in the Master Appeal Summary. Therefore, the customer's actions did not, in any way whatsoever, improperly affect the competitive bidding process.

Communications

Also, USAC is denying this application on the basis that *"The documentation indicates that Sondra Adams engaged in numerous meetings, e-mail discussions, and verbal discussions with Trillion employees beginning in 07/19/2005 through the award of the 5 year contract to Trillion in 01/29/2006. These discussions were not general marketing discussions, but rather show that you provided Trillion with inside information regarding your needs and details about their procurement process, that Trillion influenced the procurement process by providing input into your requirements regarding WAN and FCC Form 470 to ensure that Trillion would be awarded the contract, and that before the bids were even submitted and the selection made."* Trillion denies USAC's allegations and will refute the communications below.

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USAC Alleged Communication Issue:

hold

From: Gary Gaessler
Sent: Tuesday, August 30, 2005 4:38 PM
To: Sondra Adams
Cc: Mark Rammer; Craig Chamrad
Subject: RE: Trillion..Conf call IP Tel -possible times....

Importance: High

Hi Sondra:

Please let me know if any of these times work this week to have a brief call with your lead tech, yourself and our IP Tel Engineer and project manager to review your LAN network, i.e. switching, equip, models, hubs, QOS capabilities etc.

This Thursday 1pm or 3pm MTN

Or this Friday, anytime after 10am Mtn.

Thanks,

Gary Gaessler

Regional Sales Manager

Trillion

www.trillion.net

720.519.0030 Direct

303.570.0003 Mobile

720.212.0718 Fax

Communication Was Within Rules:

Trillion is unsure as to what in this communication is of issue. The Trillion employee is requesting of the school district, information regarding the school district's infrastructure. Please note that a Form 470 had not been filed and that the school district was not in a bidding process. As outlined in the Trillion Master Appeal Summary filed November 3, 2010 with the FCC, a service provider is allowed to discuss its product offering with a school district. To better understand how a service provider's technology might fit, a basis for understanding of what technology the school district currently has deployed is very helpful. In this light, any service provider is better able to communicate with the school district exactly how its product offering would fit into that environment.

Also, Trillion attended a recent USAC training held in Dallas. This topic was discussed with a USAC employee at the training. It was re-iterated that a service provider can discuss its product offering with a school district and that school district can share information with a service provider about that district, as long as the school district treats all potential vendors equally and the bid process adheres to state, local and E-Rate program rules. There is no indication that the school district did not treat all potential service providers equally. There is also no indication that the school district did not follow state, local and E-Rate program rules.

As a matter of fact, it has come to the attention of Trillion that USAC only requested the school district to provide all communications that occurred solely with one service provider, that being Trillion. How in the world could USAC determine if the school district

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communicated equally and fairly with all potential service providers, if USAC only requested communications between the district and one service provider?

USAC Alleged Communication Issue:

hold

From: Gary Gaessler
Sent: Tuesday, August 30, 2005 11:15 AM
To: Sondra Adams
Cc: Roger Clague
Subject: RE: Trillion follow-up items...470..

Hi Sondra:

Listed below is the 470 language we recommend:

The description for the WAN can be the same for the Voice service as well. The 470 should just say:

Description: Wide Area Network for data and voice

Quantity: District wide

This should work for both the WAN and the Voice service over the WAN.

Make sure you list this as a multi-year agreement or an agreement with voluntary extensions. Please us
Let me know if and when there is a 470 we can review.

Thanks,

Gary Gaessler

Regional Sales Manager

Trillion

www.trillion.net

720.519.0030 Direct

303.570.0003 Mobile

720.212.0718 Fax

Communication Was Within Rules:

As Trillion discussed in the Master Appeal Summary filed November 3, 2010 with the FCC, a service provider can provide technically neutral guidance to a school district. Also, as pointed out in the Bloomfield Account Summary provided by Trillion to USAC on June 8, 2009, Trillion specifically pointed this communication out to USAC noting the following:

" 1) The language used in an e-mail titled "RE: Trillion follow-up items..." from Gary Gaessler to Sondra Adams of Bloomfield schools on 8/30/2005. In this string of e-mails, it appears that Gary Gaessler was offering guidance on language that could be used in the creation of the 470 and that the Bloomfield employee asks for examples. This e-mail is followed up with a response from Gary with an e-mail titled "RE: Trillion follow-up items...470..." on the same day in which Gary Gaessler does offer what is technically neutral guidance in regards to the language for the creation of the 470 which is allowed under USAC rules. Although the language is technically neutral and allowable, the communication of this

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did not follow Trillion policy as the requirement for communication with any prospect in regards to an E-Rate matter should have been referred to Trillion's E-Rate trained attorney at the time."

Trillion would point to the USAC Eligible Services list that was in effect at the time. The eligible services list specifically *states "Digital transmission services used to link local networks are commonly called "wide area networks" (WANs)." The Trillion employee is providing a description that is neutral and directly off of the publicly available, and USAC's own, Eligible Services List. Please note that the other terms being Data and Voice are also used throughout the Eligible Services List.*

Ultimately, Bloomfield ignored this language in submitting the 470.

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USAC Alleged Communication Issue:

hold

From: Gary Gaessler
Sent: Monday, August 29, 2005 3:52 PM
To: Sondra Adams
Cc: Roger Clague
Subject: RE: Trillion follow-up items...

Hi Sondra:

Thanks for the info. I will provide some times this week for a conf call with you and your lead tech and my sales engineer.

Also would Wednesday 9/21 AM (earlier the better) work for a meeting with yourself, Randy, Roger and I to review the updated design?

Thanks

Gary

-----Original Message-----

From: Sondra Adams [mailto:sadams@bsin.k12.nm.us]
Sent: Sunday, August 28, 2005 4:55 PM
To: Gary Gaessler
Subject: Re: Trillion follow-up items...

I have not been able to file for the 470 with the start of school and the worm that seemed to find us and has settled. I hope to be able to get with the erate consultant this week and get things settled.

>Wanted to check status on your 470 filing? (Let me know if you need

>possible language to use)

I would like any examples that you could give me.

>

> 2. Could you provide the handset count for Blanco?

Blanco is approx. 50 stations

>

> 3. Would like to have a call to review your LAN network, i.e. switching

>equip, models, hubs, QOS capabilities etc.

I would be glad to set that up. We will need to have our lead technician involved in that also. Let me know when is a good time for you and I will get him involved.

>

> 4. Roger and I would like to meet for a design & confirmation

>meeting (and or a possible proposal presentation if ready) the week of

>9/18, preferably Tuesday 9/20 with you and your Finance Director if

>your available?

I am sure that I can get Randy involved on any day except Tuesdays.

Sondra Adams
Director of Technology

Communication Was Within Rules:

As stated earlier, a service provider can discuss its product offering with a school district and that school district can share information with a service provider about that district, as long as the school district treats all potential vendors equally and the bid process adheres to State, local and E-Rate program rules. There is no indication that the school district did not treat all potential service providers equally. There is also no indication that the school district did not follow state, local and E-Rate program rules. As a matter of fact, USAC did not even request any competitive bid communications other than those associated with Trillion.

The communication above is simply a service provider and a school district communicating in regards to the service provider's product offering and how that product offering might fit into the school districts current infrastructure.

One item to note, in this communication, the school district does note that they "*hope to be able to get with an erate consultant this week and get things settled.*" This communication

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clearly indicates the school district's intent to hire an E-Rate consultant to help them with the process. The record also indicates that, indeed, the school district did hire an E-Rate consultant.

It would be a travesty if this application were to be denied based upon a retroactive application of new rules defined in the FCC Sixth Report and Order. Trillion respectfully requests that this appeal be granted.

Sincerely,

Trillion Partners, Inc.

Attachments:

- Master Appeal Summary dated November 3, 2010 as previously filed on November 3, 2010 under ECFS Number 2010113403548
- Funding Decision Commitment Letter (FCDL)

Cc:

Ron Reich, Intel Capital

Peter Pitsch, Intel

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Universal Service Administrative Company

Schools and Libraries Division

FUNDING COMMITMENT DECISION LETTER
(Funding Year 2009: 07/01/2009 - 06/30/2010)

December 22, 2010

Virginia Bryant
Trillion Partners, Inc
9208 Waterford Center Blvd.
Suite 150
Austin, TX 78758

Re: Service Provider Name: Trillion Partners, Inc
Service Provider Identification Number: 143025872

Thank you for participating in the Schools and Libraries Program (Program) for Funding Year 2009. This letter is your notification of our decision(s) regarding application funding requests that listed your company's Service Provider Identification Number (SPIN).

NEXT STEPS

- File Form 498, Service Provider Information Form, if appropriate
- File Form 473, Service Provider Annual Certification Form (SPAC), for the above Funding Year
- Work with your customer to provide appropriate invoicing to USAC: Service Provider Invoice (Form 474) or Billed Entity Applicant Reimbursement (Form 472)

Please refer to the Funding Commitment Report(s) (Report) following this letter for specific funding request decisions and explanations. Each Report contains detailed information extracted from the applicant's Form 471. A guide that provides a definition for each line of the Report is available in the Reference Area of our website.

Once you have reviewed this letter, we urge you to contact your customers to establish any necessary arrangements regarding start of services, billing of discounts, and any other administrative details for implementation of discount services. As a reminder, only eligible services delivered in accordance with Federal Communications Commission (FCC) rules are eligible for these discounts.

TO APPEAL THIS DECISION:

You have the option of filing an appeal with the SLD or directly with the FCC.

If you wish to appeal a decision in this letter to USAC, your appeal must be received by USAC or postmarked within 60 days of the date of this letter. Failure to meet this requirement will result in automatic dismissal of your appeal. In your letter of appeal:

1. Include the name, address, telephone number, fax number, and (if available) email address for the person who can most readily discuss this appeal with us.
2. State outright that your letter is an appeal. Include the following to identify the decision letter and the decision you are appealing:
 - Appellant name,
 - Applicant or service provider name, if different from appellant,
 - Applicant Billed Entity Number (BEN) and Service Provider Identification Number (SPIN),
 - Form 471 Application Number as assigned by USAC,
 - "Funding Commitment Decision Letter for Funding Year 2009," AND
 - The exact text or the decision that you are appealing.

Schools and Libraries Division - Correspondence Unit
30 Lanidex Plaza West, PO Box 685, Parsippany, NJ 07054-0685
Visit us online at: www.usac.org/sl

FUNDING COMMITMENT REPORT
Service Provider Name: Trillion Partners, Inc
SPIN: 143025872
Funding Year: 2009

Name of Billed Entity: BLOOMFIELD SCHOOL DISTRICT
Billed Entity Address: 325 N BERGIN LN
Billed Entity City: BLOOMFIELD
Billed Entity State: NM
Billed Entity Zip Code: 87413-6729
Billed Entity Number: 143262
Contact Person's Name: Matthew Hetman
Preferred Mode of Contact: EMAIL
Contact Information: mhetman@erate360.com
Form 471 Application Number: 656519
Funding Request Number: 1797099
Funding Status: Not Funded
Category of Service: Telecommunications Service
Form 470 Application Number: 221250000552188
Contract Number: N/A
Billing Account Number: N/A
Service Start Date: 07/01/2009
Contract Expiration Date: 06/30/2011
Number of Months Recurring Service Provided in Funding Year: 12
Annual Pre-Discount Amount for Eligible Recurring Charges: \$280,140.36
Annual Pre-Discount Amount for Eligible Non-Recurring Charges: \$.00
Pre-Discount Amount: \$280,140.36
Applicant's Discount Percentage Approved by SLD: 78%
Funding Commitment Decision: \$.00 - Red Light Rule Implementation
Funding Commitment Decision Explanation: MR1: This FRN 1797099 is for both Priority 1 and Priority 2 services and was split in order to conduct an independent review of these respective services. Your new FRN for Priority 2 services is 2094921 and service provider is Trillion Partners, Inc. The product(s)/service(s) remaining in this FRN are: WAN Voice and Data Services. <><><><><> MR2: The FRN was modified from \$23,345.03/month to \$9,470.03/month to agree with the applicant documentation. <><><><><> DR1: The FRN will be denied because you did not conduct a fair and open competitive bidding process. The documentation provided by you and/or the service provider indicates that the school district engaged in numerous meetings, e-mail discussions, and/or verbal discussions with Trillion employees prior to the posting of the Form 470 and throughout the competitive bidding process which tainted the competitive bidding process. Trillion was consulted and/or offered details about services and products you were requesting on your FCC Form 470 and/or Request for Proposal (RFP). The competitive bidding process was influenced by Trillion when they assisted you in developing your services specifications for your FCC Form 470/or RFP. You failed to conduct a fair and open competitive bidding process free from conflicts of interest. <><><><><> This FRN is denied because the documents provided by you and/or your vendor indicates that there was not a fair and open competitive bid process free from conflicts of interest. The documentation provided by you and/or your service provider indicates that prior to/throughout your contractual relationship with the service provider listed on the FRN, that you were offered and accepted either gifts, meals, gratuities, entertainment from the service provider, which resulted in a competitive process that was no longer fair and open and therefore funding is denied.

FCDL Date: 12/22/2010

Wave Number: 076

Last Allowable Date for Delivery and Installation for Non-Recurring Services: 09/30/2011